

**TO:** Board of Directors**FROM:** Capital Improvement
Program Committee**SUBJECT:** 06/12/17 CIP Committee Meeting Summary**DATE:** June 27, 2017

The CIP Committee (Committee) met on June 12, 2017 and continued discussion of Watershed Capital Program Funding Challenges and Amendments of Capital Projects Consultant Agreements.

Watershed Capital Program Funding Challenges

As the Board is aware, there are key flood protection and environmental stewardship projects in the Board-approved FY 2018-22 CIP that do not have adequate funding through construction, for example, Mid-Coyote Creek Project and Almaden Lake Project. At the June 12, 2017 meeting, the Committee discussed the list of inadequately funded projects (Table 1) and potential changes to these projects (Table 2) with the objective of ensuring completion of as many projects as possible to deliver the most flood protection and stewardship benefits to the community.

Table 1:	<u>Commitments Without Adequate Funding</u>	
	2	San Francisquito Creek (Hwy 101 to Searsville Dam) from 30 year protection to 100 year protection
	6	Coyote Creek (Montague – 280 (Tully))
	7	Upper Penitencia (Coyote Confluence to Dorel Dr.)
	8	Llagas Creek Reach 14 (East Little Llagas Creek)
	9	SF Bay Shoreline EIA 1 – 10
	10	Berryessa (Lower Pen Confluence – Calaveras) Phase 3 Calera Creek & Tularcitos
	11	Watershed Assets Rehabilitation
	13	Almaden Lake/Creek Separation
	14a	Ogier Ponds Lake/Creek Separation
	14b	Metcalf Pond
	14c	Stevens Creek Multiple Fish Barriers
	15	Construct 3 Geomorphic Designed Projects for Bank Stability
	16	Conservation of Habitat Land

Table 2:	<u>Financial Resource</u>	
	<u>Board Authority</u>	<u>Outside District Control</u>
	Stop Project	Redevelopment \$
	Min. Effort Until Funding is Available	Federal, State and Local Funding
	Reduce Project Scope	
	Planned FHACE Implementation \$	
	Open Space Credit ~\$9M/year	
	SCW D4 Fish Habitat and Passage Improvement	
	SCW D6 Creek Restoration and Stabilization	
	SCW D7 Conservation of Habitat Lands	

Based on the discussion, the Committee directed staff to bring back alternative analyses for each of the projects. The Committee anticipates needing 1-2 more meetings to bring this discussion to closure. The Committee will keep the Board informed and identify relevant issues for whole-Board discussion.

Amendments of Capital Projects Consultant Agreements

The Board assigned this issue to the Committee at its February 28, 2017 meeting. The Board raised concerns regarding the current amendment processes, particularly compliance of consultants' work products to the agreements specifications.

The Committee reviewed information on organization decision-making, development of scope-of-work, agreement negotiation, and ongoing management and administration of consultant agreement. The Committee also conducted detailed review of the planned amendments to existing seismic retrofit design work for Anderson Dam and Calero Dam that are scheduled for Board approval in July, and did not find any issue. The Committee plans to conduct similar review for future amendments to ensure the Board's concerns are addressed.

Additionally, staff submitted a copy of the Consultant Contract Management Process Audit prepared by Navigant Consulting, March 10, 2015. The Board has asked if the recommendations by Navigant had been implemented. The Committee felt the Board's question should be addressed by Board Audit Committee. This memorandum requests the Board assign review of the Navigant Consulting Consultant Contract management Process Audit to Audit Committee.

Board member comments and suggestions can be forwarded to Ms. Michelle Meredith, Deputy Clerk of the Board, at (408) 630-2557 or by email to mmeredith@valleywater.org.

Thank you.

Nai Hsueh

Director, District 5 and CIP Ad Hoc Chairperson